

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3082 - HB 3530

March 1, 2012

SUMMARY OF BILL: Requires the Department of Economic and Community Development to develop and administer an assistance program for veteran-owned businesses, which may include loans and loan guarantees, technical assistance and services, and consulting and educational services. Establishes a General Fund reserve, further known as the Veteran-Owned Business Assistance Program Fund (VOBAPF), to be allocated in accordance with the assistance program. Prohibits any money in the fund or interest earned from reverting to the general fund.

ESTIMATED FISCAL IMPACT:

Increase State Expenditure – Net Impact – \$304,200/FY12-13
\$276,700/FY13-14
\$254,200/FY14-15
\$231,700/FY15-16
\$209,200/FY16-17
\$186,700/FY17-18
\$164,200/FY18-19
\$141,700/FY19-20
\$119,200/FY20-21
\$96,700/FY21-22
\$74,200/FY22-23 and Subsequent Years

Assumptions:

- The assistance program for veteran-owned businesses will be developed and implemented. Funding will be obligated and expended to accommodate the cost of the program.
- According to the Department, to establish and implement the program the Department will hire an additional staff member with program management level skills.
- The recurring increase in state expenditures associated with this position will be \$74,248 (\$51,000 salary + \$13,548 benefits and insurance + \$4,000 travel + \$4,100 office space + \$1,600 other). One-time costs will be \$5,000.
- To provide a meaningful level of funding for such a program, the Department would establish a revolving loan fund. It is assumed that the Department would issue nine ten-year term loans per year (one per each economic development region) at an average of

\$25,000 per loan. The initial amount of funding required for the fund would be \$225,000 (9 x \$25,000).

- Each subsequent year's fund availability level will be sustained by repayment of loans and interest payments accrued.
- The Department estimates that state appropriations could decrease by 10 percent of the initial funding amount per year, or \$22,500, resulting in a revolving level of funding by year 10 of the program.
- The Treasurer's Office currently invests several similar restricted accounts within the State Pooled Investment Fund. Additional investment responsibilities imposed by this bill would not result in a significant increase in expenditures to the Office.
- The total net increase in state expenditures per fiscal year will be:
 - FY12-13: \$304,248 (\$5,000 + \$74,248 + \$225,000)
 - FY13-14: \$276,748 (\$74,248 + \$225,000 - \$22,500)
 - FY14-15: \$254,248 (\$276,748 - \$22,500)
 - FY15-16: \$231,748 (\$254,248 - \$22,500)
 - FY16-17: \$209,248 (\$231,748 - \$22,500)
 - FY17-18: \$186,748 (\$209,248 - \$22,500)
 - FY18-19: \$164,248 (\$186,748 - \$22,500)
 - FY19-20: \$141,748 (\$164,248 - \$22,500)
 - FY20-21: \$119,248 (\$141,748 - \$22,500)
 - FY21-22: \$96,748 (\$119,248 - \$22,500)
 - FY22-23 and Subsequent Years: \$74,248 (funding for the additional position).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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